

"K"LINE Vision 2008⁺

Containership Business

Fiscal Year	FY2005	FY2008	Mid-2010s
Operating revenues, Billion JPY	460.0	570.0	740.0
Tonnage, Million TEU	2.5	3.4	4.5
Scale of operation	78 vessels	90 vessels	120 vessels
Investment in vessels	FY'06 to FY'08: 16 vessels		

- Improvement in portfolio of containership services
- Stabilization of cost and enhancement of cost-competitiveness by upgrading a fleet of vessels
- Expansion of multi-year contracts to stabilize freight rates and costs
- Proper response to globalization of customers by reinforcing service networks
- Aggressive entry into terminal business service

Car Carrier Business

Fiscal Year	FY2005	FY2008	Mid-2010s
Operating revenues, Billion JPY	142.0	160.0	200.0
Number of cars transported	2,700,000	3,200,000	4,000,000
Scale of operation	84 vessels	90 vessels	110 vessels
Investment in vessels	FY'06 to FY'08: 17 vessels		

- Systematic upgrading of a fleet capable of responding to the market growth
- Accurate response to diversification in trading types
- Deployment of marketing entrenched in local areas and further enhancement of activities by overseas bases
- Constant efforts for ensuring safe and stable transportation, and provision of globally uniform and high quality services

Dry Bulk Business

Fiscal Year	FY2005	FY2008	Mid-2010s
Operating revenues, Billion JPY	170.0	180.0	250.0
Scale of operation (Of which, Cape size)	151 vessels (60 vessels)	185 vessels (70 vessels)	250 vessels (100 vessels)
Investment in vessels	FY'06 to FY'08: 53 vessels		

- Re-organization and enhancement of dry bulk business fields
- Acceleration of global business deployment
 - ... Entry into markets of Asia, Europe and BRICET
- Provision of high quality service corresponding to diversified customer needs
- Establishment of a highly competitive fleet
- Reinforcement of Corona-series fleet and overseas deployment of thermal coal transportation

Corporate Principles of the "K" LINE Group

The basic principles of the "K" LINE Group as a shipping business organization centering on shipping, lie in:

- Diligent efforts for safely in navigation and cargo operations as well as for environmental preservation;
- Sincere response to customer needs by making every possible effort; and
- Contributing to the world's economic growth and stability through continual upgrading of service quality.

Theme: Sustainable growth and establishment of a stable profitability structure

Measures to support systematic expansion of business scale □ □

- Fleet upgrading plan achieving maximum investment efficiency □ □
- Ship operation administration structure supporting safety in navigation □ □
- Developing into the best and strongest global management organization □ □
- Re-construction of system and organization for flexible and quick decision-making

Response to changes in business environments □ □

- CSR (Corporate Social Responsibility) and environmental measures □ □
- Reform of cost structure □ □
- Risk management

Consolidated financial numerical targets

Unit: Billion JPY (Assumptions: Foreign exchange rate: JPY110/US\$, Fuel oil price: US\$300/MT)

	FY2006	FY2006	FY2008	Mid-2010s
Operating revenues	970.0	1,050.0	1,100.0	1,500.0
Ordinary income	75.0	90.0	110.0	150.0
Net income	53.0	60.0	70.0	100.0
Payout ratio	20%, on consolidated basis			30%, on consolidated basis
ROE	19%	19%	19%	10% or more
Interest-bearing debt	320.0	340.0	350.0	350.0
Shareholders' equity	293.0	342.0	400.0	750.0
Equity ratio	35%	37%	39%	50% or more
DER	109%	99%	88%	50% or less
Scale of fleet	□	□	500 vessels	700 vessels

Energy transportation and Tanker Business

Fiscal Year	FY2005	FY2008	Mid-2010s
Operating revenues, Billion JPY	47.0	60.0	100.0
LNG Tanker holdings	30 vessels	48 vessels	90 vessels
Oil tankers	20 vessels	31 vessels	60 vessels
Investment in vessels	From FY'06 to FY'08: 32 vessels		

- Establish position as the leading operator of energy carriers in the world
- Safe and eco-friendly ship operation administration
- Expansion of trades with overseas cargo owners
- Globalization of management basis
- Active entry into new cargo businesses

Freight Forwarding/Harbor Transportation Business

Fiscal Year	FY2005	FY2008	Mid-2010s
Operating revenues, Billion JPY	70.0	90.0	150.0

- Community-based development of freight forwarding/harbor transportation by group companies
- Active capital investment for enhancement of air cargo business
- Active capital investment in freight forwarding and harbor transportation in Asia including China
- Marketing deployment by self-developed logistics system (VMS)

Other Businesses

Fiscal Year	FY2005	FY2008	Mid-2010s
Operating revenues, Billion JPY	36.0	40.0	60.0

- Playing an important part in modal shift
- Assist execution of total power of group companies
- Promotion of businesses useful for society and the environment
- Contribution to safety in navigation

Ship operation control system supporting safety in navigation

Development into the best and strongest global management organization

Promotion of corporate social responsibility (CSR) and environmental measures